THE TREASURY

The Report of Secretary Chase.

EXTREMEMBERT AND ECONOMY PROPOSED.

Property of Rebels to Pay War Expenses.

CREDIT CIRCULATION OF TREASURY NOTES.

The Secretary of the Treasury, in obedience

conceives, the administration of the public finances should be regulated, with a view to justice the state was to recent two years' notes, to the same months in the regulated, with a view to justice the same of the was to recent notes, the sum of the public finances. drable results of efficiency, economy, and general prosperity, were set forth, with as much clearness and plainness as he is capable of, in his report made to Congress on the 4th day of July last.

In that report, also, the Secretary submitted to the consideration of the Legislature the measures by the consideration of the Legislature the measures by the consideration of the Legislature the measures by the consideration of the Congress of the consideration of the Legislature the measures by the consideration of the Legislature the measures by the consideration of the Congress of the

which, in his opinion, the percentage means necessary to the speedy and effectual suppression of the gigantic rebellion set on foot by criminal conspiracy against the Government and the people of the linited States, might be most certainly and most economi-

the execution and practical operation of these measures; and in the performance of it be solicits, first, the attention of Congress to that part of them relating to loans.

The execution and practical operation of these measures; and in the performance of it be solicits, first, on a revenue from customs, for the financial year 1002, of \$57,000,000, but the circumstances to which ing to loans.

Ing to loans.

The acts authorizing loans provided—
First. For a National Loan of one hundred millions of dollars, or any larger sum, not exceeding the whole amount authorized, in bonds or treatury notes, bearing 7.30 per cent interest, payable three years after date, and convertible at or before maturity into twenty years six per cent bonds.

Scenady, For a loan in Europe, or in the United States, at the discretion of the Secretary, of one hundred millions of dollars, payable twenty years after face, and bearing interest not exceeding seven per cent.

Thirdly, For the issue, in payments to public serious for the first quarter, ending on Sept. 30, were \$7,198,602.55; while the receipts for the three remaining quarters cannot be safely estimated at more than \$25,000,000, making the distinct of the control of the secretary of one hundred millions of dollars, payable twenty years success sources must also be reduced from \$3,000,000 to \$2,354,062.89, or which \$354,062.89 were received during the quarter ending Sept. 30, 1861, and \$2,000,000 are the estimated receipts of the three remaining quarters.

might be so combined with the credit of the Government, in a proper provision for necessary expenditures, as to give efficiency to administrative action, whether civil or military, and competent support to public credit. The result thus far has fulfilled that hope.

Representatives from the banking institutions of the three cities, responding to his invitation, met him for consultation in New-York, and, after full conference, agreed to unite as associates in moneyed support to the Government, and to subscribe at once a loan of \$50,000,000, of which \$5,000,000 were to be paid immediately to the Assistant Trensurers, in coin, and the residue, also in coin, as needed for dissue three-years 7.30 bonds or Treasury Notes, bearing even date with the subscription, and of equal amount: to cause books of subscription to the National Loan to be immediately opened; to reimburse the advances of the banks, as far as practicable, from this national subscription; and to deliver to them 7.30 bonds or Treasury Notes for the amount of United States notes, payable on demand, in aid of the operations of the Treasury, and that the associated institutions, when the first advance of \$50,000,000 should be expended, would, if practicable, make another, and when that should be exhansted, still another advance to the Government, of the same amount, and on similar terms.

The action of Congress, therefore, contemplated the employment, if necessary, and to a force, including the existing regular army, of about 550,000 men. To insure its efficiency the President was authorized to appoint any number of major-generals in the field by discretion-ary and proportions of aids de-camp, with various ray appointments of aids de-camp, with various ray appointments of aids de-camp, with various ray appointments of aids de-camp, with various ray and rations, has augment additions made by Congress to pay and rations have been alimited amount of United States notes, pay-able on demand, in aid of the operations of the increase of the army and navy and the

The objects of this arrangement were, (1st) to place

ing but little more than half the siment, embled those institutions, when a second loan was required, to make a second advance of \$50,000,000.

Thus two leans of \$50,000,000 each have been no gotiated for three years 7.39 bonds, at par. The first of these leans was negotiated, and the first issue of bonds bear date, on the 18th of August; the second on the 18th of August; the second on the 18th of Cotober, 18ci.

9.00 the 18th of November a third lean was negotiated with the associated institutions, under the authority given to the Secretary to borrow a sum not exceeding one hundred millions, in Europe or the Union and overticement, and as it was manifestly for the interest of the Government to negotiate at home rather than inter the expense and hazard of negotiation abroad, the Secretary, under the authority of the seventh section of the act of August 5, 18cl, arranged this third loan, also, with the associates, by agreeing to the Secretary, under the authority of the seventh section of the act of August 5, 18cl, arranged this third loan, also, with the associates, by agreeing to the Secretary, under the authority of the seventh section of the act of August 5, 18cl, arranged this third loan, also, with the associates, by agreeing to the Government to pay for the bonds bearing seven per cent. As no reasonable prospect appeared for all rights and interest of the Government to negotiate at home rather than inter the expense and hazard of negotiation abroad, the Secretary, under the authority of the seventh section of the act of August 5, 18cl, arranged this tild the manner. Eights to services, under State in the same second of the service of the first seven to the service of the first seven to the service of the consumers of the first seven the rest, the reliance must be placed on loans.

Already, beyond the expense to the Secretary. The means adopted for accurate the secretary of the service of

States, might be most certainly and most economically obtained.

The estimates of the several Departments then laid before Congress by the Secretary contemplated an aggregate expenditure, during the fiscal year to end on the 36th June, 1809, of \$312,519,518,87.

To provide this sum the Secretary proposed such modifications of the tariff and such internal taxes as would, in his judgment, produce the sum of \$80,000, 000, and such loans, in various forms, not exceeding in their aggregate \$250,600,000, as would yield the required residue.

Without adopting all his recommendations in regard to customs and internal taxes, Congress made anch provision for both as was deemed necessary to secure the sum proposed to be derixed from those sources, and anthorized loans, in the mode and to the extent proposed by the Secretary, for obtaining the extert proposed by the Secretary, for obtaining the additional sum required by the estimates.

It now becomes his duty to give some account of the execution and practical operation of these measures.

and deed receipte, may be found in the changed circumstances of the country, which have proved, even the execution and practical operation of these measures.

Thirdly. For the issue, in payments to public creditors, or in exchange for coin, of treasury notes payable one year after date, bearing an interest of 3.65 per cent, and convertible into the three years 7.30 bends or treasury notes.

Fourthly. For the issue of notes, payable on demand, and receivable for all public dues, to be used as coin in payments and exchanges.

The aggregate of notes of the two last descriptions was limited to fifty millions of dellars in denominations less than fifty, but not less than five dellars.

A further authority was conferred by the act to issue Treasury notes of any of the specified denominations, bearing six per cent interest and payable not over twelve months from date, to an amount not exceeding \$20,000,000.

These estimates, it will be remembered, contemparative of the Secretary, and he performed it by issuing, under authorities conferred by various acts, for payment to public creditors or for advances of each, \$14,619,634 66 in Treasury notes poyable in two years, and bearing 6 per cent interest, and \$12,877,750 in Treasury notes bearing the same rate of interest, but payable sixty days after date.

His next care was to provide for the regular and continuous disbursements of the war, under the acts of the July Session, and with this view, he carefully examined the various powers conferred on him; compared the probabilities of the American and European markets for capital; and considered the relative advantages and disadvantages of the several forms of loan authorized.

His reflections led him to the conclusion that the rafeet, surest, and most beneficial plan would be to engage the banking institutions of the three chief commercial cities of the seaboard to advance the amounts needed for disbursement in the form of loans for three years 7.30 bonds, to be relimbursed, as far as practicable, from the proceeds of similar bonds, subscribed for by the people through the agencies of the National Loan; using, meanwhile, himself, to a finited expenditures in all departments, and for all bejects, to the amount of \$318,519,581 87. Of this sum, \$18,626,337 19 were for additional appropriations agreed by the Department of War; and \$17,652,105 09 for appropriations already made for that department. The basis of the estimates for that department. The basis of the estimates for the suppression of the rebellion, two hundred for the suppression of the rebellion, two hundred and fifty thousand volunteers in place of the estimates for the suppression of the regular army by the addition of the field. bmitted.

These estimates, it will be remembered, contemthe National Loan; using, meanwhile, himself, to a limited extent, in aid of these advances, the power to issue notes of smaller denominations than \$50, ized the acceptance of volunteers in such numbers, payable on demand.

Upon this plan he hoped that the capital of the banking institutions and the capital of the people might be so combined with the credit or the Government of the provided further for additional companies and for provided further for additional companies and for necessary extends.

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To provide the large sums needed for the disburse

The objects of this arrangement were, (1st) to place at the command of the Government the large sums immediately needed for the payment of maturing Treasury notes, and for other disbursements, ordinary and extraordinary (2d) to secure to the people equal opportunity, with the banks, for participation in the loan; (3d) to avoid competition between the Government and the associated institutions in the disposal of bonds; (4th) to facilitate and secure further advances to the Government by the associates, if required; and, (5th) to insure, if possible, the maintenance of payments in specie, or its actual equivalents and representatives.

All these objects were, happity, accomplished. Fifty milhons of dollars were immediately advanced by the banks. The Secretary cancel books of subscription to be opened throughout the country, and the people subscribed were reimbursed to the banks, and the sum reimbursed, though then covering but little more than half the amount, enabled those institutions, when a second loan was required, to make a second advance of \$50,000,000 each have been negotiated for three years 7.30 bonds, at par. The first great object of reflection and endeavor, in the judgment of the Secretary, should be the reduction of expenditure within the narrowest practicable limits. Retrenchment and reform are among the indispensable duties of the hour. Contracts for supplies to the army and navy, as well as for public work of all descriptions, should be subjected to strict supervision, and the contractors to rigorous responsibility. All unnecessary offices should be abolished, and salaries and pay should be materially reduced. In these ways the turdens of the people, subscription of equal sums even without cost or liability to repayment.

While thus recommending retrenchment and the prevention of abuses, the Secretary feels himself constrained for three years 7.30 bonds, at par. The first of these loans was negotiated, and the far that the country and the far the current year, and the sure streams of the people s

But if the sum is large the means of the people are also large; and the object to be attained by a conse-cration of a portion of them to the public service is priceless. The real property of the loyal States is valued, in round numbers, at seven and a half thou-sands of millions; the personal property at three and a half thousands of millions; and the annual surplus earnings of the loyal people at not less than three hundred millions of dollars. Four mills on each bundred millions of dollars. Four mills on each dollar, or two-fifths of one per cent on the real and personal property of the loyal States, would produce forty-four millions of dollars; to which sum the proposed income-tax will probably add ten millions. The whole sum will be little more than one-sixth of the surplus earnings of the country. Certainly such a tax cannot be paid without inconvenience; doubt-less the Legislature which imposes such a tax must take care that the money thus mised be used economically, prudently, and honestly. But can any one hesitate about such or even greater contributions when the Union and the popular institutions which it guards are put in perit by rebellion, and the public faith pledged to our own citizens, who, in many instances, have placed the whole earnings of industrious lives in the hands of the Government for its suppression, ask support?

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plan, would be equivalent to a loan to the Governthe practical enforcement of the law, aflords, happally, the opportunity of revision and modification.
It affords, also, the opportunity of comparing the
amount of needed revenue with the probable income
from taxes of every kind, and of so shaping legislation as to secure, beyond doubt, the sams essential to
the falfillment of national obligations and the maintenance of the national credit.

In the judgment of the Secretary, it will be necessary to increase the direct tax so as to produce from
the loyal States alone a revenue of at least \$20,000,
500, and to lay such duties on stills and distilled
liquors, on tobacco, on bank notes, on carriages, on
legacies, on paper evidences of debt and instruments
of taxation, as will produce an equal additional som.
The existing provision for an income tax, just in its
principle, inasmuch as it requires largest contributions from largest means, may, possibly, and if somewhat modified will, probably, produce \$10,000,000

The Secretary is aware that the sum is large; but
seeing, as he does, no probability that the revenue
from ordinary sources will exceed \$10,000,000 during
the current year, and knowing, as he does, that to
meet even economized disbursements, and pay the
interest on the public debt, and provide a sinking
fund for the gradual reduction of its principal, the
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benefits of the plan that he feels himself constrained to forbear recommending its adoption.

The second plan suggested remains for examilation. Its principal features are, (1st) a circulation of notes bearing a common impression and authenticated by a common authority; (2d) the redemption of these notes by the associations and institutions to which they may be delivered for issue; and (3d) the security of that redemption by the pledge of the United States stocks, and an adequate provision of specie. In this plan the people, in their ordinary business, would find the advantages of uniformity in currency of uniformity in security; of effectual safeguard, if effectual safeguard is possible, against depreciation; and of protection from losses in discounts and exchanges; while in the operations of the Government the people would find the further advantage of a large demand for Government securities, of increased facilities for obtaining the loans required by the war, and of some alleviation of the burdens on industry

ance of the war, as follows:

The estimated expenditures are—
For the civil list, including foreign intercourse
and miscellaneous expenses other than and miscellaneous expenses other than
on account of the public debt.
For the interior Department, (Indians and
Pensions)
For the War Department.
For the public debt: 4,102,962 96 160,159,986 61

Making an aggregate of estimated expenditures of. \$475,331,4
On the other hand the estimated receipts are:
From customs, lands, and
ordinary sources. \$45,800,000 00
From direct tax. 20,000,000 00
From internal duties, including income tax. 30,000,000 00

Making an aggregate of estimated receipts of.

And leaving a balance to be provided for of. \$379,501,245 51.

The whole amount required from loans may, therefore, be thus stated:
For the fiscal year 1862, under existing laws. \$75,449,675 00 For the fiscal year 1862, under laws to be enacted. 200,000,000 00 For the fiscal year 1863, also under laws to be enacted. 279,531,245 51 \$654,980,920 51 numbers at

A tabular statement will accompany this report, showing somewhat more in detail the actual and estimated receipts and expenditures of the financial years 1861, 1862, and 1863.

years 1861, 1862, and 1865.

It only remains, in order to complete the view of the financial situation, to submit a statement of the public debt as it was on the lat day of July, 1860 and 1861, and will be according to the estimates now presented, at the same date in each of the years

targing strainings of the country. Certainly such a target straining of the country. Certainly such a target straining of the people would find the further advantage of the statement, in brief, is as follows:

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NEW-YORK DAMY TRIBURE.

**Descriptor provided for production, than the two yrice lones, was, in some regrets at least, more so. It was complete from the polarization of the production of t

States.

Of the gold deposited during the last year \$3i,216,889 52, and of the silver \$010,011 22, were from
the mines of the United States; the remainder
formed part of the unusually large receipts during

the year from foreign countries.

The large and rapidly-increasing production of gold in the Territory of Colorado suggests inquiry into the expediency of establishing an Assay office or a branch mint at Denver. A private mint for the convenience of the people is now in operation as that place; and obvious considerations seem to require the substitution of national for private agencies in colorage.

quire the substitution of national for private agencies in coinage.

The silver mines of Nevsda and Arizons have
also yielded large returns; and the protection of the
citizens, engaged in extracting their treasures, from
insurrectionary and savage violence demands the
earnest consideration of Congress.

No means exist of ascertaining, with absolute certainty, the quantity of coin now in the United States;
but the best accessible data lead the Secretary to con
cur in the judgment of the Director of the Mint, that
the amount is between \$275,0000,000 and \$300,000,000.

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Under the act of July 27, 1861, large claims have been presented, by the authorized agents of the Governors of several States, for expenses incurred on account of troops raised by them respectively, and employed for the suppression of the insurrection; but as the act authorizing the settlement of these claims required proper vouchers in support of them to be fited and passed upon by the accounting officers, and as no such vouchers have, as yet, been furnished, it has been hitherto impracticable to adjust and pay them. Inasmuch, however, as these expenditures were incurred at a time when Congress was not in session, and when the public exigency was not in session, and when the public exigency was imperative, and were marked, so far as the statements submitted to him disclosed their character, by discretion and patriotism, the Secretary thought